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CPM 2012 PROJECT

DHEC Accounts Payable Check Process Improvement

February 6, 2012

Vasa Cate Jr.

**SC DHEC
Bureau of Financial Management, Budgets**

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STATE DOCUMENTS

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It all adds up. That's the theme for this project. We're well aware that we are working in a time of reduced resources-- money, time, people and patience. As a result, we're finding ways to "work smarter, not harder." When we're working with less everything, it's easy to consider overhauling larger, more visible processes, but we should also find ways to add efficiencies to smaller, everyday processes. A little trim here and there can really add up to significant resource savings for the organization.

One dinosaur-like process that is ready for some trimming is the Accounts Payable daily check process for SC Department of Health and Environmental Control (DHEC). These payments include paper check and electronic transfers from the agency to vendors and non-State employees as well as travel reimbursements for employees. This does not include State employee payroll. Forty-three percent of our monthly payments require mailed remits to ensure that payees can apply payments. But do we really need to mail all of these remits? Fifty-nine percent of our payments are paper check. Can we reduce the number of paper checks by steering more vendors to electronic payment? My project examines how DHEC can significantly reduce the number of remits and paper checks mailed to vendors while ensuring that vendors can properly apply our payments.

The Current Process

The check process can take 30 minutes to two hours everyday for the Accounts Payable (AP) vendor desk employee, depending on the number of that day's payments. This employee matches remits, such as invoices and healthcare claims, with the day's outgoing payments and mails them. Appendix A illustrates the process that also involves AP staff, mailroom, and the State

Treasurer's Office (STO).

First, AP staff processes the invoice in SCEIS and writes the system-assigned document number in the remit's top right corner. If we mail this type of remit to the vendor, the staff member folds the remit and puts it in the "check tray" at the end of the day. There are several types of remits that we do not mail, the largest category being State and non-State employee travel reimbursements. The AP vendor desk employee sorts the new remits into the check tray by the three different SCEIS document numbers starting with 30, 35 and 57.

Everyday by 11:30 a.m., the STO delivers the day's checks and a check register showing the day's electronic and paper payments. Depending on the number of that day's payments, the AP employee will spend the next thirty minutes to two hours matching the payment's SCEIS document number from the check register to the document number written on the remit in the check tray. All of the paper checks are mailed that day.

For electronic payments that require a mailed remit, the AP employee pulls the remit, places a bright green "Paid electronically" label in the top corner, writes the payment number, amount and date, and sets it aside. Some of our vendors paid electronically that require a paper remit are paid more than once a week. To save on postage, we mail these remits once a week on Fridays.

Remits

About forty-three percent of all payments require a mailed remit, such as healthcare claims, hotel stays, grants, utilities, refunds, and leases. We mail remits if the vendor needs specific details

other than an invoice number to apply the payment. And some vendors with invoice or account numbers still require the remit to apply the payment, such as utilities. Each mailed remit adds to the time to complete this daily task and the department's postage and envelope costs. Since moving to SCEIS, all invoices and remits are scanned into SCEIS and the original remit, not a copy, is used to mail with the payment. We do not have any additional remit copying costs.

Invoice numbers and dollar amounts are provided to the vendor automatically for both paper checks and electronic payments. For paper checks, those two items print on the inside of the paper check sleeve. For electronic payments, the information is available two ways. The invoice numbers and dollar amounts are transmitted with the ACH payment information from bank to bank and are available online at the State Treasurer's website by entering the vendor's tax ID number and exact dollar amount of the electronic payment.

Paper Checks vs. Electronic Payments

Fifty-nine percent of DHEC's payments are paper checks, so there is an opportunity to steer more vendors to electronic payment. It costs the STO \$0.75 to produce one paper check.

Electronic payments, or ACH transactions, cost the STO \$0.02 including bank fees.¹ Then add DHEC's average postage cost per day of \$39.90 for mailing paper checks and remits for electronic payments. The total daily average cost for the check process to STO and DHEC, not including labor, is \$103.11.

Registering for electronic payment from the State of SC is as easy as completing a form available from the STO's website. While this eliminates a paper check, DHEC will still have to mail a

remit to those vendors who require it. AP has to handwrite the payment information on the remit and the address on an envelope or produce mailing labels for each of these vendors, adding process time, paper costs, and postage.

Why

There are many reasons to look at improving this process: to help meet agency goals, to save the agency resources, and common sense. Both our agency and bureau goals mention providing accurate and timely services and communication with our external customers, as well as making use of improved technology.² A more efficient process for providing payment information to our vendors can help our bureau and agency meet those goals.

While the process costs the agency and STO postage and printing, this project focuses on reducing the time spent weekly on the daily process. Flanigan and Scott's *Process Improvement: Enhancing Your Organization's Effectiveness* recommends not focusing on cost savings. "Cost savings can be had by focusing on cycle time, quality and responsiveness. You get the benefit anyway!"³ The AP vendor desk employee spent a total of 26 hours, or 3.4 workdays, in October on the process at an average time of 70 minutes per day or 5.85 hours per week.

This was one of my job responsibilities for almost five years. AP staff has worked hard over the years to evolve the process, but even before the recession, I've viewed the process as an opportunity to save agency resources. This project checks a majority of the boxes for Process Improvement's "Criteria for Picking the Right Process" such as:

- "change can be accomplished in a short period of time,

- improvements are visible and measurable,
- scope of process is within your control,
- minimum dollars required, and
- there is strong interest in tackling this process.”⁴

How

This project began by pursuing several levels of change options. At the highest level, I looked at using SCEIS to provide vendors with payment details. At the lower level, I looked at existing opportunities requiring the least resources and providing the greatest impact.

The South Carolina Enterprise Information System (SCEIS) could provide a solution in the future. SCEIS, the State’s new accounting system, consolidates “more than 70 state agencies onto a single, statewide enterprise system, built on SAP software, for finance, materials management and human resources/payroll.”⁵ All of our vendors are paid through this system. It also includes their tax information and addresses. While DHEC’s AP vendor desk employee and similar positions at other State agencies are responsible for managing vendor tax and address information in SCEIS, the Comptroller General’s office encourages vendors to self-add and manage their own business tax and address information in the system. To do this, the vendor has to create a SCEIS login and password to add, change and view the business tax and address information online. Currently, that’s all they view in the system. Could we also provide access to the vendor’s payment history? Due to many challenges such as SCEIS staffing, budget cuts, time, and privacy concerns, is this even possible?

Due to those concerns, this project focuses on less resource-heavy options that are in our control and take advantage of existing opportunities that haven't been fully utilized. Can we make better use of the SCEIS invoice number field and educate vendors on how to find this information so we don't mail as many remits? I categorized remits by vendor type and looked at the minimum amount of information that each vendor type requires to apply the payment. Similar vendor types require similar information to apply a payment. For example, hotels need the guest name and departure date. Hospitals and practices need specific information from their claims. This project organizes the opportunities into remit type by vendor: hotels, grants, healthcare, rents/leases, environmental companies, vital records, and utilities. Each has specific needs and challenges.

Healthcare-related invoices and claims have the biggest challenge: HIPAA-protected personal healthcare information (PHI). The Health Insurance Portability and Accountability Act of 1996 (HIPAA) protects the privacy of individually identifiable health information and sets national standards for the security of electronic PHI.⁶ DHEC employees and vendors that come in contact with customers' PHI have to be HIPAA-certified, and there are rules and regulations for viewing and providing that protected information. Any process has to follow those rules.

Through these options, my goals are:

1. To reduce the amount of mailed remits by twenty percent by educating vendors:
 - paid electronically to view payment details online, and
 - paid by paper check to view the payment details printed inside the check sleeve.
2. To reduce the number of paper checks by fifteen percent by encouraging vendors to register for electronic payment.

Data

I measured the check process for October because it has very few, if any, seasonal effects on check numbers. The kids are in school and there are no work holidays or major vacation exoduses. Appendix B shows various statistics for electronic payments and paper checks, such as the number of payments, documents, payments requiring mailed remits, remits mailed, and average daily costs. Note that each electronic payment or paper check can include more than one SCEIS “document” or invoice. If more than one invoice pays to a vendor on the same day, SCEIS will roll each “document” into one vendor payment and will mail in one envelope.

During the month of October, DHEC made 3,062 payments, including 1,821 paper checks and 1,241 electronic payments. We averaged 139 payments per day, with forty-one percent electronic and fifty-nine percent paper check. We averaged 83 paper checks per day with sixty percent requiring a mailed remit and 56 electronic payments per day with fourteen percent requiring a mailed remit. As you can see in Appendices C and D, the daily number of electronic payments fluctuates greatly depending on the number of employee travel reimbursements. More than half of the electronic payments are usually travel reimbursements, which do not have a mailed remit. We can have as few as seven in one day and as many as 138 on another day.

The costs are the real surprise, as summarized in Appendix E. Each paper check costs the STO \$0.75 to produce, so the average daily paper check cost to STO was \$62.08 and total for October was \$1,365.75. Each electronic payment costs the STO \$0.02, so the daily electronic payment cost to STO was \$1.13 and total for October just under \$25. The average daily postage cost for mailing paper checks and remits for electronic payments was \$39.90, with October’s total

postage cost at \$878. The average total daily cost to DHEC and STO for this entire process, excluding labor, was \$105.40, with the total cost for October at \$2,268.37.

But the most important statistics to this project's purpose are that remits mail for thirty-six percent of all documents processed and fifty-nine percent of our payments are paper checks.

Let's look at how to decrease both numbers.

REMITTS

Better use of the SCEIS invoice field is the key to this economically-friendly option. The field has room for 15 precious characters. By talking to vendors and DHEC program areas, I learned better uses for that field for various remit categories. In some cases, proper use of that field and a little vendor education can result in not having to mail the remit.

Hotels

We currently mail invoices for all hotel payments, paper check or electronic, so they can apply the payment. The stack of hotel invoices makes up about fifteen percent of the total invoices in the AP "check tray" so it's a decent chunk of remits. The fifteen-character invoice field includes the guest's arrival date and as much of the last name and first initial that will fit. The invoices, also called "folios," include guest name, arrival and departure dates, room number, and folio numbers. Some hotel invoices do not include folio numbers so it's not a number you can rely on. But the minimum amount of information the hotel needs in order to apply the payment is the guest's name and departure date. The departure date is the date the room charge goes into the hotel's accounting system.

To implement this change, AP will start typing the departure date and guest's name in the SCEIS invoice field in this format: mmddyy-smith a. AP will mail the brief insert shown in Appendix F with payments for one month explaining that future payments will not include the hotel invoice and how to locate the guest's departure date and name if paid by paper check or electronically. After that month, AP can stop mailing the hotel remits.

Grants

We also mail invoices for grant contract payments to organizations assisting people dealing with abuse or specific illnesses and health needs as well as councils for emergency management services and regional governments. Most of these grant vendors are paid electronically, so we're often only mailing a remit. The grant remits are usually in the same format and produced by the organization on their letterhead. They all include a grant contract number assigned by DHEC.

The organizations said they do not need to receive the invoice after the payment has been made, as long as they have some information that can be matched to the contract. They already have a copy of the invoice on file. We currently type the six-character grant contract number and month and year of the payment in the "invoice" field, which prints on the inside of the paper check and is available at the State Treasurer's Electronic Vendor Payment Inquiry site. In fact, several of these vendors said they already view the payment information on the State Treasurer's site. We will follow the same process used for hotels with the brief mail insert in Appendix G.

Health Care Related Entities

Physician practices, hospital systems, labs, and pharmacies currently receive detailed invoices

with their payments from DHEC that include patient names, dates of service, and in some cases, procedure codes. Healthcare-related invoices can make up about one-third or more of all invoices in the AP check tray. It's either an individual claim produced by the health care entity or it's a DHEC-produced invoice listing one or more patients. These invoices can include numerous pages depending on the amount of patients that combine in that one payment. There are several types of healthcare invoices depending on the area of DHEC, such as Children's Rehabilitative Services (CRS), Family Planning, and Best Chance Network (BCN).

CRS and Family Planning invoices have a very similar format. They are printed by DHEC and include patient information in the same table format such as patient name, authorization date, date of service, and charge. There isn't a meaningful number or anything else that would fit in the SCEIS invoice number field. And we would never use the patient's name and date of service in the invoice field. Because of HIPAA concerns and lack of any alternative to provide this information to the vendor, DHEC will continue mailing these invoices.

Hospitals and practices also receive payments from DHEC that do not include patient information, such as monthly or quarterly contract payments for special services like newborn hearing screening or HIV testing in the ER. These "invoices" are usually letters from the vendor requesting reimbursement and must continue to be mailed with the payment. The letters do not include an account, grant, or invoice number. Otherwise, the vendor will call asking for payment details assuming incorrectly that the payment is for patient claims.

BCN invoices make up the largest portion of our health care remits and these invoices often

include several pages. BCN is “a network of public and private partnerships that provides free breast and cervical cancer screening for medically underserved women in SC between the ages of 47 and 64 who lack insurance or have insurance that only covers hospital care and meet certain income guidelines.” The network is funded by the federal Centers for Disease Control and Prevention (CDC) and through state funds allocated by the S.C. Legislature.⁷ The invoice includes the BCN logo, DHEC name, payee name, purchase order number, contract number, authorization date, etc. Then the rest of the invoice condenses patient names, dates of service, charges, procedure codes, and other important information into a large table. There isn’t a meaningful number on the invoice that would help the vendor apply the payment. These invoices have the same healthcare privacy concerns, so they will continue to be mailed with payments.

I considered several alternatives to mailing healthcare invoices, such as vendors logging into SCEIS, or a secure, online database populated by SCEIS data, to view invoices and apply our payments. I learned from my own experience working for a health plan and from numerous acquaintances in the medical field that healthcare organizations are already overburdened with applying payments from government agencies, countless insurance companies, and patients. Dale Henslee, DHEC Contracts & Billing Administrator focusing on BCN, confirmed that hospitals and practices do not want to learn another new system to view payment information. They have enough on their plates. And allowing vendor access to payment history in SCEIS is very unlikely due to HIPAA concerns, SCEIS budget and staff limitations, and the SAP-based system’s complexity and challenging user experience.

But then I discovered one opportunity with BCN health care invoices. Dale Henslee said that

providers have access to payment information on the BCN website. The site is HIPAA approved and the vendors are already familiar with it. They can view a summary of all claims received by DHEC in the current fiscal year and if they have been processed for payment. But the site does not easily show which claims combined into one payment. That would be the key to vendors being able to use this site to apply our payments. The patient claims combine into a single payment by the authorization date. If the vendor could sort their processed claims by authorization date, then they could match the payment. Dale is talking to the company that manages the BCN website to see if the claims can be sorted this way. This would involve the costs and time to adjust the site, so this may or may not be an option in the future.

If this were an option, AP staff would approach vendor notification more delicately than the other remit categories due to the sensitivity of the information and the vendor's accounts receivable workload. AP staff would send the vendors a letter explaining how to access this payment information at the BCN website in order to apply our BCN payments. The letter would give them the choice to stop receiving printed BCN remits with their payments or continue to receive them. Our AP staff is fine with having lists of vendors that have specific invoice handling requests. This would not affect non-BCN payments made to these vendors.

Rents & Leases

Monthly rents and leases for DHEC offices usually pay around the last week of the month. These vendors do not reference account or invoice numbers on their invoices, only the rental or lease address and payment's month and year. But the 15-character SCEIS invoice field cannot fit enough of the rental or lease address and date to be meaningful enough to the vendor so they can

apply the payment. AP will attempt to request that the vendors start providing account or invoice numbers, but until then, we will have to continue mailing these invoices with payments.

Environmental Companies

Underground storage tank invoices comprise another chunk of our remits. The DHEC-produced invoice is sent to the vendor at the beginning of the job to complete certain sections, including adding the vendor's invoice number, so the vendor already has a copy. The invoice number is already used in the SCEIS invoice number field. We stopped mailing these remits this summer and the change has been successful with very few vendor payment inquiries.

Vital Records

We also stopped mailing invoices to county offices for DHEC vital records fees, such as birth and death certificates and marriage licenses. The invoice field includes "VR FEES" and the month. We haven't had any calls from the counties inquiring about these payments.

Utilities

We stopped mailing remits for SCE&G and Spirit Telecom this summer. They are both paid electronically but we still mailed remits to ensure payments were applied correctly. A contact at Spirit Telecom said the mailed remits were not needed. Utilities are not the best at applying electronic payments, particularly AT&T, with or without remits, partly because our numerous offices have their own accounts. Since Summer 2011, AP has worked with an AT&T contact in Alabama to ensure the payments are applied correctly. AP mails the week's AT&T remits on Fridays to her attention. It has noticeably reduced the number of misapplied payments.

ELECTRONIC PAYMENTS

To encourage vendors to register for electronic payments, we will mail the insert from Appendix H with paper checks to vendors for one month. It explains the benefits of electronic payments, how to register, and where to go online for more details and to print the form. DHEC doesn't have to do anything else other than mail the insert with our paper checks. The vendor will complete the form with the help of their bank and submit the form directly to the STO. STO takes about six weeks to process the form and then direct depositing will begin. And moving vendors to electronic payment will benefit the other SC State agencies since all agency payments pay out of the same system. That's once less paper check for every other SC State agency.

MEASUREMENT

Follow-up measurement is key to gauging the success of any process improvement, and provides opportunities to adapt the plan when unforeseen challenges arise. Some of the changes will be immediately noticeable such as hotel and grant invoices no longer in the check tray. Other changes will take time to see results, such as vendors moving to electronic payment.

The AP employee can expect some phone inquiries requesting payment details from hotel and grant vendors, or program areas on behalf of these vendors. Some inquiries are expected due to vendors not reading our notice or not remembering where to find the payment details. The AP employee will remind vendors how to find this information and will keep a list of these inquiries using Appendix I and J for three months after the month that the notice was sent to these vendors. The employee will monitor the inquiries as well as any rise in misapplied payments to see if changes should be made, such as the information typed in the invoice field. If these issues

reach more than ten per week and do not taper off, then a follow-up mailing insert as shown in Appendix K and L will be included with the next month's payments as a reminder.

Vendors electing electronic payment will take longer to gauge so AP will allow several months before formally measuring any changes. There will be a month for the notice to mail with paper checks, some time for the vendor's internal decision-making process and to complete the registration form with their bank, and an additional six weeks for the STO to process the completed form. In October 2012, AP will measure the number of paper checks and electronic payments in Appendix M to quantify any difference. October is the same month used previously and should help minimize any other competing influences.

CONCLUSION

This is a project that affects significant change in small degrees with very little cost for a primarily one-person process, freeing AP staff time for more important tasks. Eliminating mailed remits for hotels and grants, should remove twenty percent of the remits from the AP check tray. By moving more vendors from paper checks to electronic payments, STO and AP staff will see the benefit in reduced time as well as postage and production costs. And the measurement process will provide flexibility to make adjustments as needs arise.

The daily check process makes the AP vendor desk employee very aware of how and when vendors are paid. The employee starts to notice patterns and changes. It will be obvious when remits are no longer needed, remit stacks are smaller, and vendors start moving to electronic payment. It really will add up.

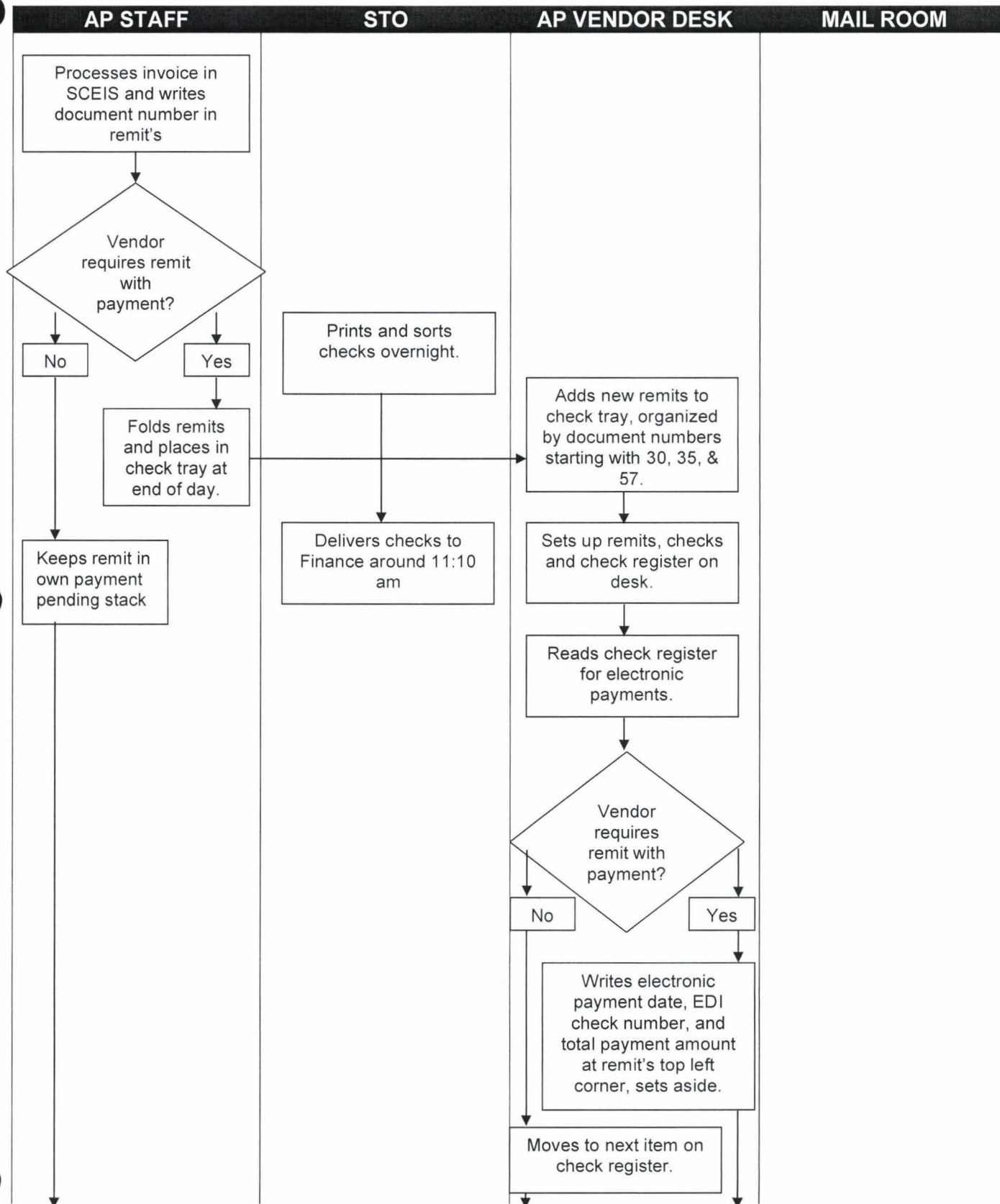
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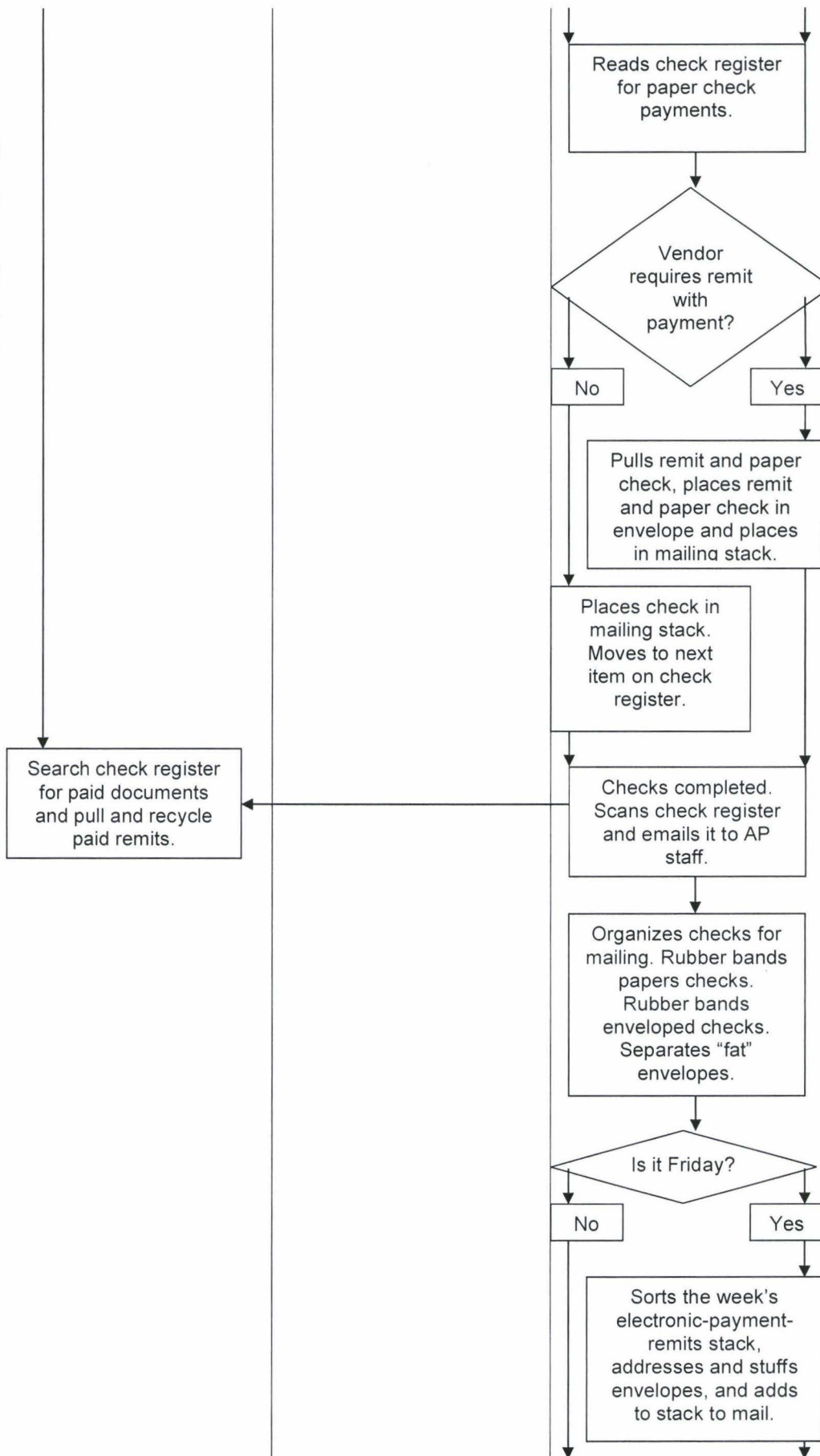
- ¹ Paul Jarvis, Senior Assistant State Treasurer, Treasury Management/Banking, SC State Treasurer's Office.
- ² <http://www.scdhec.gov/administration/strategic-plan.htm> & http://dhecnet.co/financial_management/
- ³ *Process Improvement: Enhancing Your Organization's Effectiveness*, page 33, Eileen M Flanigan and Jon Scott, Thomson, 1995
- ⁴ *Process Improvement: Enhancing Your Organization's Effectiveness*, page 39, Eileen M Flanigan and Jon Scott, Thomson, 1995
- ⁵ <http://www.sceis.sc.gov/>
- ⁶ <http://www.hhs.gov/ocr/privacy/>
- ⁷ <http://www.scdhec.gov/health/chcdp/cancer/bcn.htm>

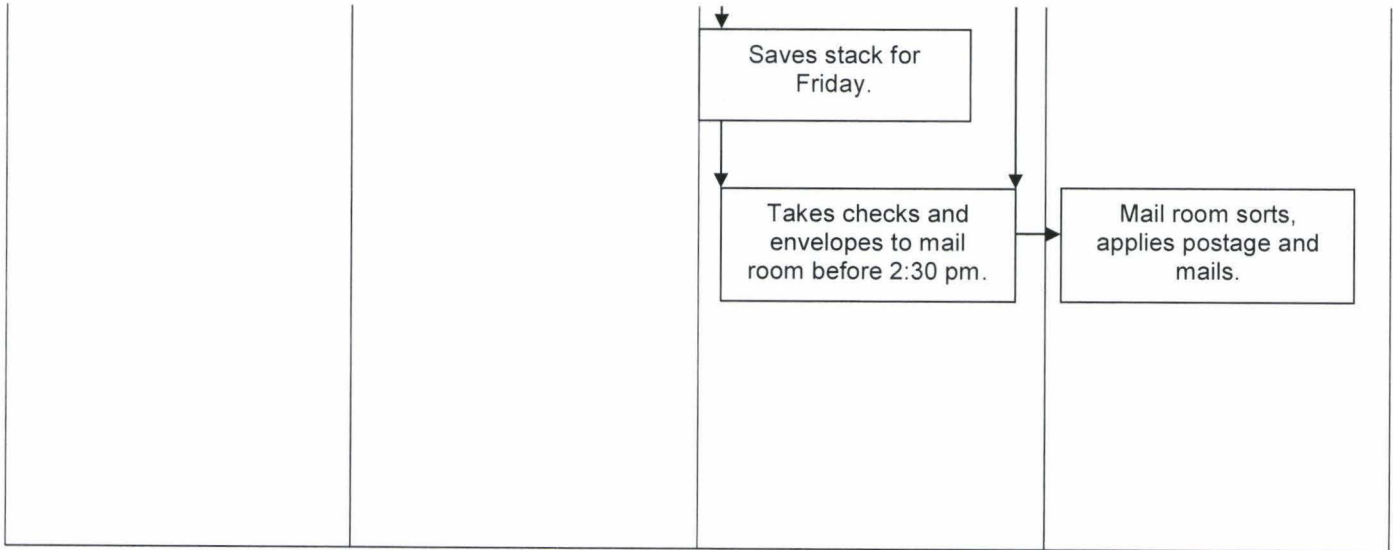
APPENDICES

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- I. Follow-up Measurement: Hotel Phone Inquiries for Payment Information
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APPENDIX A: SC DHEC ACCOUNTS PAYABLE CHECK MAILING PROCESS







CPM 2012 PROJECT: DHEC ACCOUNTS PAYABLE CHECK PROCESS IMPROVEMENT
APPENDIX B: OCTOBER 2011 DAILY PAYMENT PROCESS STATISTICS

DATE		ELECTRONIC PAYMENTS							PAPER CHECKS					
Payment date	Received by AP & mailed	Minutes to complete process	Electronic payments	Docs* (Remits)	Docs mailed	Payment NOT requiring remit	Payment requiring remit	% of payments mailed with remits	Paper checks	Docs* (Remits)	Docs mailed	Check NOT requiring remit	Check requiring remit	% of checks mailed with remits
F 09/30	M 10/03	46	26	38	11	17	9	35%	74	84	44	31	43	58%
M 10/03	T 10/04	37	36	46	2	34	2	6%	50	138	29	23	27	54%
T 10/04	W 10/05	39	18	38	11	12	6	33%	61	103	59	22	39	64%
W 10/05	H 10/06	89	77	98	3	75	2	3%	106	173	62	58	48	45%
H 10/06	F 10/07	42	14	52	12	10	4	29%	70	131	70	24	46	66%
F 10/07	M 10/10	57	23	54	26	11	12	52%	79	223	64	24	55	70%
M 10/10	T 10/11	55	25	48	16	13	12	48%	78	180	46	49	29	37%
T 10/11	W 10/12	127	100	122	26	85	15	15%	141	211	146	36	105	74%
W 10/12	H 10/13	102	91	118	6	86	5	5%	124	182	83	70	54	44%
H 10/13	F 10/14	54	59	118	15	53	6	10%	67	114	65	28	39	58%
F 10/14	M 10/17	45	16	29	22	5	11	69%	72	115	64	30	42	58%
M 10/17	T 10/18	17	7	31	2	5	2	29%	17	50	11	6	11	65%
T 10/18	W 10/19	86	74	75	9	68	6	8%	95	161	109	33	62	65%
W 10/19	H 10/20	135	95	145	37	78	17	18%	147	243	139	39	108	73%
H 10/20	F 10/21	59	64	74	11	56	8	13%	67	107	31	38	29	43%
F 10/21	M 10/24	129	105	146	18	88	17	16%	132	218	117	44	88	67%
M 10/24	T 10/25	29	29	33	1	28	1	3%	30	36	14	16	14	47%
T 10/25	W 10/26	104	121	155	14	114	7	6%	100	138	75	38	62	62%
W 10/26	H 10/27	116	138	163	17	130	8	6%	101	163	88	26	75	74%
H 10/27	F 10/28	37	21	49	20	13	8	38%	52	169	28	30	22	42%
F 10/28	M 10/31	93	88	139	26	77	11	13%	106	158	86	45	61	58%
M 10/31	T 11/01	43	14	38	15	9	5	36%	52	67	32	25	27	52%
AVERAGES		70	56	82	15	49	8	14%	83	144	66	33	49	60%
TOTALS		1541	1241	1809	320	1067	174	---	1821	3164	1462	735	1086	---
HOURS		26												
WORK DAYS		3.4												
HOURS PER WEEK		5.85												

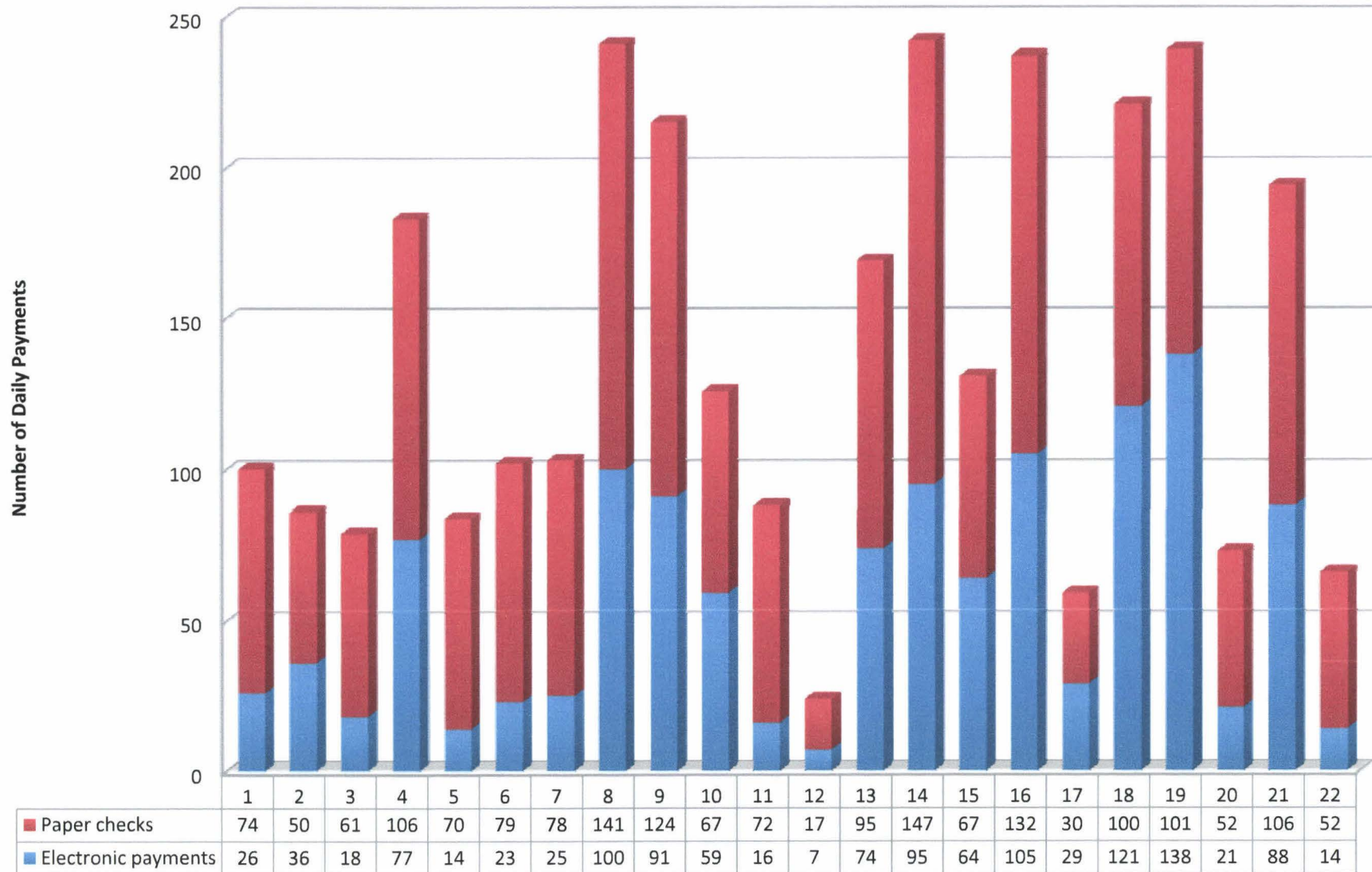
* The number of docs will be larger than the number of payments. If there is more than one doc or remit to the same vendor on the same day, SCEIS will roll those individual docs into one payment to that vendor.

TOTALS									COSTS				
All payments	% of electronic payments	% of paper checks	Docs*	Remits mailed	% of docs mailed	Payments mailed	Payments mailed with remits	% pymts requiring remits	Electronic payment costs	Paper check costs	Postage Cost for Mailed Payments	Envelope Costs for Mailed Payments	TOTAL COST
100	26%	74%	122	55	45%	83	52	52%	\$0.52	\$55.50	\$36.52	\$2.08	\$94.62
86	42%	58%	184	31	17%	52	29	34%	\$0.72	\$37.50	\$22.88	\$1.16	\$62.26
79	23%	77%	141	70	50%	67	45	57%	\$0.36	\$45.75	\$29.48	\$1.80	\$77.39
183	42%	58%	271	65	24%	108	50	27%	\$1.54	\$79.50	\$47.52	\$2.00	\$130.56
84	17%	83%	183	82	45%	74	50	60%	\$0.28	\$52.50	\$32.56	\$2.00	\$87.34
102	23%	77%	277	90	32%	91	67	66%	\$0.46	\$59.25	\$40.04	\$2.68	\$102.43
103	24%	76%	228	62	27%	90	41	40%	\$0.50	\$58.50	\$39.60	\$1.64	\$100.24
241	41%	59%	333	172	52%	156	120	50%	\$2.00	\$105.75	\$68.64	\$4.80	\$181.19
215	42%	58%	300	89	30%	129	59	27%	\$1.82	\$93.00	\$56.76	\$2.36	\$153.94
126	47%	53%	232	80	34%	73	45	36%	\$1.18	\$50.25	\$32.12	\$1.80	\$85.35
88	18%	82%	144	86	60%	83	53	60%	\$0.32	\$54.00	\$36.52	\$2.12	\$92.96
24	29%	71%	81	13	16%	19	13	54%	\$0.14	\$12.75	\$8.36	\$0.52	\$21.77
169	44%	56%	236	118	50%	101	68	40%	\$1.48	\$71.25	\$44.44	\$2.72	\$119.89
242	39%	61%	388	176	45%	164	125	52%	\$1.90	\$110.25	\$72.16	\$5.00	\$189.31
131	49%	51%	181	42	23%	75	37	28%	\$1.28	\$50.25	\$33.00	\$1.48	\$86.01
237	44%	56%	364	135	37%	149	105	44%	\$2.10	\$99.00	\$65.56	\$4.20	\$170.86
59	49%	51%	69	15	22%	31	15	25%	\$0.58	\$22.50	\$13.64	\$0.60	\$37.32
221	55%	45%	293	89	30%	107	69	31%	\$2.42	\$75.00	\$47.08	\$2.76	\$127.26
239	58%	42%	326	105	32%	109	83	35%	\$2.76	\$75.75	\$47.96	\$3.32	\$129.79
73	29%	71%	218	48	22%	60	30	41%	\$0.42	\$39.00	\$26.40	\$1.20	\$67.02
194	45%	55%	297	112	38%	117	72	37%	\$1.76	\$79.50	\$51.48	\$2.88	\$135.62
66	21%	79%	105	47	45%	57	32	48%	\$0.28	\$39.00	\$25.08	\$1.28	\$65.64
139	41%	59%	226	81	36%	91	57	43%	\$1.13	\$62.08	\$39.90	\$2.29	\$105.40
3062	—	—	4973	1782	—	1995	1260	—	\$24.82	\$1,365.75	\$877.80	\$50.40	\$2,318.77

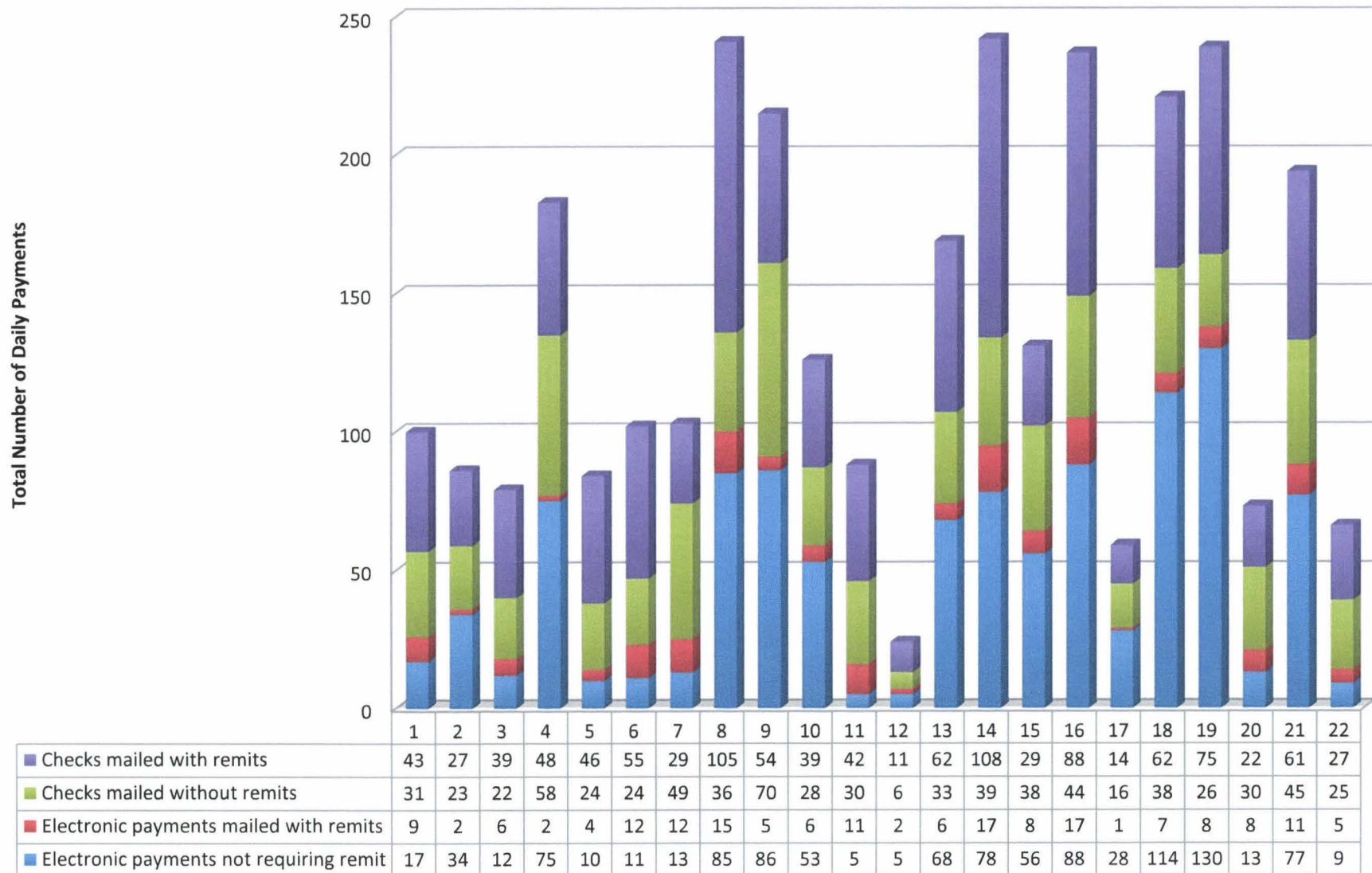
* The number of docs will be larger than the number of payments. If there is more than one doc or remit to the same vendor on the same day, SCEIS will roll those individual docs into one payment to that vendor.

1. White envelope, no window plain #10----\$0.03
2. White envelope, window plain #10----\$0.04
3. Yellow envelope, plain, 9 X 12-----\$0.11

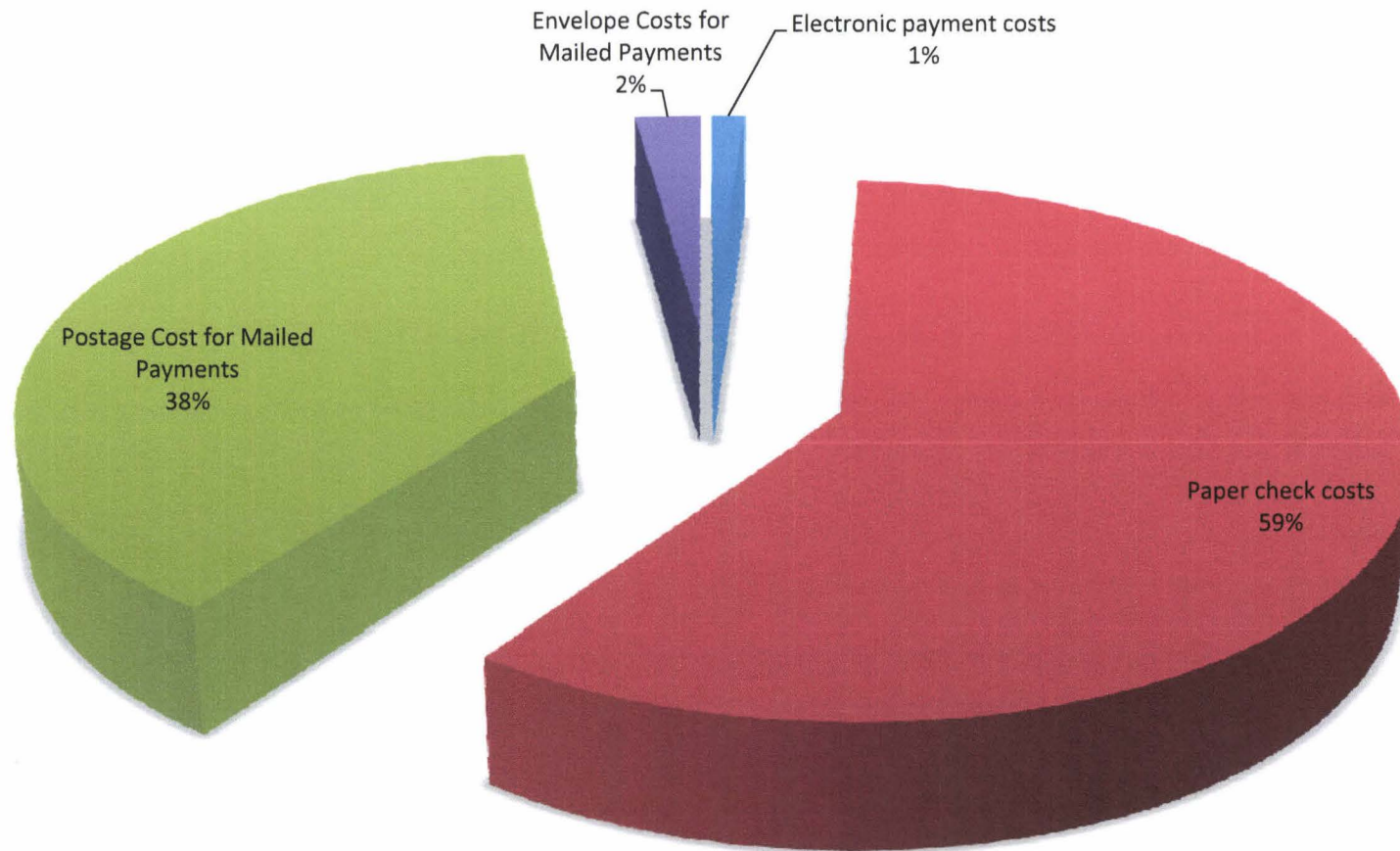
Appendix C: Paper Checks vs Electronic Payments



Appendix D: Daily Payments With or Without Mailed Remits



Appendix E: Daily Check Process Costs to DHEC and STO



Appendix F: Letter to Hotels, Paper Check and Electronic Payment Version

1. Paper Check Version



See the inside of the check sleeve for important payment information!

Did you know that payment details such as guest name and departure date are printed on the inside of the check sleeve?

SC Dept. of Health & Environmental Control (DHEC) currently mails a copy of your hotel's direct-bill invoice with our payment. Beginning next month, DHEC will no longer mail copies of the hotel invoice with these payments. For future payments, please look at the inside of the check sleeve to view departure date (mmddyy) and the guest's name, like this 010112-SMITHJ \$xx.xx., to apply our payment.

2. Electronic Payment Version



Did you know you could view your State of SC electronic payment details online?

SC Dept. of Health & Environmental Control (DHEC) pays your hotel's direct-bill invoices by electronic deposit. These electronic payments show in the bank account as paid by State of SC. To help you apply the payment, DHEC currently mails an invoice copy to your hotel after the electronic deposit. Beginning next month, DHEC will no longer mail copies of the invoices after these payments. But you can easily view payment details online in a four easy steps:

1. Go to the SC State Treasurer's website www.treasurer.sc.gov, click on "Agency Online Services," click on "Click here for Electronic Vendor Payment Inquiry," and scroll down to the bottom of the page.
2. Enter the hotel's tax ID number without the dash: xxxxxxxxx, not xx-xxxxxxx.
3. Enter the total dollar amount of the electronic deposit, for example: 1,000.00.
4. Click Submit.

The page provides the name of the paying SC State agency, the total payment amount and date, and the guest's departure date (mmddyy), name, and dollar amount for each invoice like this: 010112-SMITHJ \$xx.xx.

Appendix G: Letters to Grant Organizations, Paper Check and Electronic Payment Version

1. Paper Check Version



South Carolina Department of Health
and Environmental Control

*See the inside of the
check sleeve for
important payment
information!*

Did you know that payment details such as the grant contract number are printed on the inside of the check sleeve?

SC Dept. of Health & Environmental Control (DHEC) currently mails a copy of your invoice with our check. Beginning next month, DHEC will no longer include an invoice copy. For future payments, please look at the inside of the check sleeve to view the grant contract number and month and year of the payment. **Please look at the enclosed invoice and make a note of the contract number.**

2. Electronic Payment Version



South Carolina Department of Health
and Environmental Control

*Did you know
you could view your
State of SC
electronic payment
details online?*

SC Dept. of Health & Environmental Control (DHEC) currently mails an invoice copy to your organization after an electronic payment to help you apply the payment. Beginning next month, DHEC will no longer mail an invoice copy after a payment. But you can easily view payment details online in a four easy steps:

1. Go to the SC State Treasurer's website www.treasurer.sc.gov, click on "Agency Online Services," click on "Click here for Electronic Vendor Payment Inquiry," and scroll down to the bottom of the page.
2. Enter your organization's tax ID number without the dash: xxxxxxxxx, not xx-xxxxxxx.
3. Enter the total dollar amount of the electronic deposit, for example: 1,000.00
4. Click Submit.

The page provides the name of the paying SC State agency and the grant contract number and month and year of the payment. **Please look at the enclosed invoice and make a note of the contract number.** For future payments, please access your payment details by going to this site.

Appendix H: Letter to Vendors Regarding Electronic Payment Registration



*Did you know
State of SC
agencies can pay
your invoices
electronically?*

Your organization's invoices are currently paid by paper check from the State of SC agencies. Did you know you can register for electronic payment? Instead of waiting for a paper check in the mail and driving to your bank to deposit it, an electronic payment is deposited directly to your organization's bank account within one to five business days, depending on the speed of your bank, after the State releases the payment. And you can view payment details online such as an invoice number, date, and dollar amount.

For more information and to print the registration form, go to the State Treasurer's website at www.treasurer.sc.gov, click on "Divisions," click on "Treasury Management," and under "Accounting Division Forms," click on:

- Electronic Vendor Payment Enrollment Form, and
- Electronic Vendor Payment Information Leaflet.

To register, read the information leaflet, print the enrollment form, complete the form with your bank representative, and mail to the State Treasurer address on the form. Or call 803-734-2101 and ask for the Accounting Department to request a enrollment form and information leaflet.

CPM 2012 PROJECT: DHEC ACCOUNTS PAYABLE CHECK PROCESS IMPROVEMENT
APPENDIX I: FOLLOW-UP MEASUREMENT, HOTEL PHONE INQUIRIES FOR PAYMENT INFORMATION

[illegible]

CPM 2012 PROJECT: DHEC ACCOUNTS PAYABLE CHECK PROCESS IMPROVEMENT
APPENDIX J: FOLLOW-UP MEASUREMENT, GRANT PHONE INQUIRIES FOR PAYMENT INFORMATION

[illegible]

Appendix K: Letter to Hotels, Paper Check and Electronic Payment Version

1. Paper Check Version



South Carolina Department of Health
and Environmental Control

*See the inside of
the check sleeve
for important
payment
information!*

Reminder: Apply this payment by viewing payment details printed on the inside of the check sleeve.

SC Dept. of Health & Environmental Control (DHEC) no longer mails copies of the hotel invoice with these payments. Please look at the inside of the check sleeve to view departure date (mmddyy) and the guest's name, like this 010112-SMITHJ \$xx.xx., to apply our payment.

2. Electronic Payment Version



South Carolina Department of Health
and Environmental Control

Reminder:
*Apply this payment
by viewing State of
SC electronic
payment details
online.*

SC Dept. of Health & Environmental Control (DHEC) pays your hotel's direct-bill invoices by electronic deposit. These electronic payments show in the bank account as paid by State of SC. DHEC no longer mails invoice copies after these payments.

But you can easily view payment details online in a four easy steps:

1. Go to the SC State Treasurer's website www.treasurer.sc.gov, click on "Agency Online Services," click on "Click here for Electronic Vendor Payment Inquiry," and scroll down to the bottom of the page.
2. Enter the hotel's tax ID number without the dash: xxxxxxxxx, not xx-xxxxxxx.
3. Enter the total dollar amount of the electronic deposit, for example: 1,000.00.
4. Click Submit.

The page provides the name of the paying SC State agency, the total payment amount and date, and the guest's departure date, name, and dollar amount for each invoice like this: mmddyy-SMITHJ \$xx.xx. Please access your payment details by going to this site.

Appendix L: Letters to Grant Organizations, Paper Check and Electronic Payment Version

1. Paper Check Version



See the inside of the check sleeve for important payment information!

Reminder: Apply this payment by viewing payment details printed on the inside of the check sleeve.

SC Dept. of Health & Environmental Control (DHEC) no longer mails copies of the grant invoice with these payments. Please look at the inside of the check sleeve to view the grant contract number and month and year of the payment.

2. Electronic Payment Version



Reminder:
Apply this payment by viewing State of SC electronic payment details online.

SC Dept. of Health & Environmental Control (DHEC) pays your grant invoices by electronic deposit. These electronic payments show in the bank account as paid by State of SC. DHEC no longer mails an invoice copy after a payment.

But you can easily view payment details online in a four easy steps:

1. Go to the SC State Treasurer's website www.treasurer.sc.gov, click on "Agency Online Services," click on "Click here for Electronic Vendor Payment Inquiry," and scroll down to the bottom of the page.
2. Enter your organization's tax ID number without the dash: xxxxxxxxx, not xx-xxxxxxx.
3. Enter the total dollar amount of the electronic deposit, for example: 1,000.00
4. Click Submit.

The page provides the name of the paying SC State agency and the grant contract number and month and year of the payment.

Please access your payment details by going to this site.

CPM 2012 PROJECT: DHEC ACCOUNTS PAYABLE CHECK PROCESS IMPROVEMENT
APPENDIX M: FOLLOW-UP MEASUREMENT-OCTOBER 2012 DAILY PAYMENT PROCESS STATISTICS

DATE		OCTOBER 2011 TOTALS			OCTOBER 2012 TOTALS			CHANGE				
Payment date	Received by AP & mailed	Electronic payments	Paper checks	All payments	Electronic payments	Paper checks	All payments	Electronic payments	% Change	Paper checks	% Change	All payments
F 09/28	M 10/01	26	74	100			0	-26	-100%	-74	-100%	-100
M 10/01	T 10/02	36	50	86			0	-36	-100%	-50	-100%	-86
T 10/02	W 10/03	18	61	79			0	-18	-100%	-61	-100%	-79
W 10/03	H 10/04	77	106	183			0	-77	-100%	-106	-100%	-183
H 10/04	F 10/05	14	70	84			0	-14	-100%	-70	-100%	-84
F 10/05	M 10/08	23	79	102			0	-23	-100%	-79	-100%	-102
M 10/08	T 10/09	25	78	103			0	-25	-100%	-78	-100%	-103
T 10/09	W 10/10	100	141	241			0	-100	-100%	-141	-100%	-241
W 10/10	H 10/11	91	124	215			0	-91	-100%	-124	-100%	-215
H 10/11	F 10/12	59	67	126			0	-59	-100%	-67	-100%	-126
F 10/12	M 10/15	16	72	88			0	-16	-100%	-72	-100%	-88
M 10/15	T 10/16	7	17	24			0	-7	-100%	-17	-100%	-24
T 10/16	W 10/17	74	95	169			0	-74	-100%	-95	-100%	-169
W 10/17	H 10/18	95	147	242			0	-95	-100%	-147	-100%	-242
H 10/18	F 10/19	64	67	131			0	-64	-100%	-67	-100%	-131
F 10/19	M 10/22	105	132	237			0	-105	-100%	-132	-100%	-237
M 10/22	T 10/23	29	30	59			0	-29	-100%	-30	-100%	-59
T 10/23	W 10/24	121	100	221			0	-121	-100%	-100	-100%	-221
W 10/24	H 10/25	138	101	239			0	-138	-100%	-101	-100%	-239
H 10/25	F 10/26	21	52	73			0	-21	-100%	-52	-100%	-73
F 10/26	M 10/29	88	106	194			0	-88	-100%	-106	-100%	-194
M 10/29	T 10/30	14	52	66			0	-14	-100%	-52	-100%	-66
AVERAGES		56	83	139	#DIV/0!	#DIV/0!	0	-56	-1	-83	-1	-139
TOTALS		1241	1821	3062	0	0	0	-1241	-2200%	-1821	-2200%	-3062